

Hong Kong

July 2017

Executive Summary

This country fact sheet provides key trade and investment related statistics for Hong Kong. Specifically, it shows Hong Kong's trade and investment flows including an analysis of top markets and products with South Africa and the Western Cape highlighting the largest and fastest growing products and sub-sectors.

Trade

Global

- Hong Kong is ranked as the 6th largest global exporter worth USD516bn
- Hong Kong is ranked as the 7th largest global importer worth USD547bn and the third largest in Asia after China and Japan

South Africa

- Hong Kong was South Africa's fourth largest export destination in Asia, after India, in 2016 worth USD1.77bn (Asia defined here as Asia and the Middle East)
- Hong Kong was South Africa's 44th largest source market for imports and 16th in Asia, after Oman, in 2016 worth USD284m

Western Cape

- Hong Kong was the Western Cape's 12th largest export destination and the 3rd largest in Asia, after the UAE, in 2016 worth USD159.8m
- Hong Kong was the Western Cape's 60th largest source market for imports and the 21st largest in Asia, after the Philippines, in 2016 worth USD20.5m

Investment

Global

- Hong Kong is ranked as the 22nd largest source country for investment, by project, investing in 2004 projects from 2003-2016
- Hong Kong is ranked as the 18th largest destination country for investment, by project, with 2877 investment projects from 2003-2016

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1. General Information

Hong Kong officially known as Hong Kong Special Administrative Region of the People's Republic of China, is a city on the southern coast of China at the Pearl River Estuary and the South China Sea. Its physical location has allowed the city to establish a transportation and logistics infrastructure that includes the world's second busiest container port and the world's busiest airport for international cargo.

Hong Kong is well known for its expansive skyline, deep natural harbour and extreme population density (7 million inhabitants over a land mass of 1,104 km²). The current population of Hong Kong comprises 93.1% ethnic Chinese.

Hong Kong is a founding member of the World Trade Organization (WTO), the Asia-Pacific Economic Cooperation (APEC) and the Pacific Economic Cooperation Council (PECC). Hong Kong belongs to the Asian Development Bank (ADB) and the World Customs Organization (WCO). It is an associate member of the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) and relates, in varying degrees, to the United Nations Conference on Trade and Development (UNCTAD). Since April 1994, Hong Kong has been an observer of the Trade Committee of the Organization for Economic Cooperation and Development (OECD).

GENERAL INFORMATION	
Government type	Presidential limited democracy; a special administrative region of the PRC
Chief of State	President of China XI Jinping
Head of Government	Chief Executive LEUNG Chun-ying
Population	7,167,403 (July 2016 est.)
Life expectancy	82.9 years
Median Age	44 years
Ethnic groups	Chinese 93.1%, Indonesian 1.9%, Filipino 1.9%, other 3% (2011 est.)
Religions	Eclectic mixture of local religions 90%, Christian 10%
Languages	Cantonese (official) 89.5%, English (official) 3.5%, Putonghua (Mandarin) 1.4%, other Chinese dialects 4%, other 1.6% (2011 est.)

Sources: CIA World Factbook, 2016 and World Bank Data, 2016

2. Economic Overview

Hong Kong ranks as the 3rd most important international financial centre, after New York City and London, with one of the greatest concentrations of corporate headquarters in the Asia-Pacific region. The economy is characterised by low taxation and free trade, with the world's most laissez-faire economic policies.

Hong Kong has a free market economy, highly dependent on international trade and finance - the value of goods and services trade, including the sizable share of re-exports, is about four times GDP. Hong Kong has no tariffs on imported goods, and it levies excise duties on only four commodities, whether imported or produced locally: hard alcohol, tobacco, hydrocarbon oil, and methyl alcohol. There are no quotas or dumping laws.

The territory has little arable land and few natural resources, so it imports most of its food and raw materials. Imports account for more than 90% of Hong Kong's food supply, including nearly all of the meat and rice available there.

Hong Kong is a regional centre due to the following reasons:

- A popular venue for hosting regional headquarters or representative offices;
- A leading telecommunications hub for the Asia-Pacific region;
- A premier offshore Renminbi (RMB) centre;
- The world's busiest airport for international cargoes;
- One of the world's busiest container ports;
- The 2nd largest private equity centre in Asia;
- The 2nd largest stock market in Asia, the sixth largest in the world; and
- The 3rd largest foreign exchange market in Asia, the 5th in the world.

Hong Kong's Current Economic Situation

- The world's freest economy
- The world's most services-oriented economy, with services sectors accounting for more than 90% of GDP
- Asia's largest recipient of foreign direct investment (FDI)
- Asia's third largest source of FDI, after Japan and Chinese mainland.

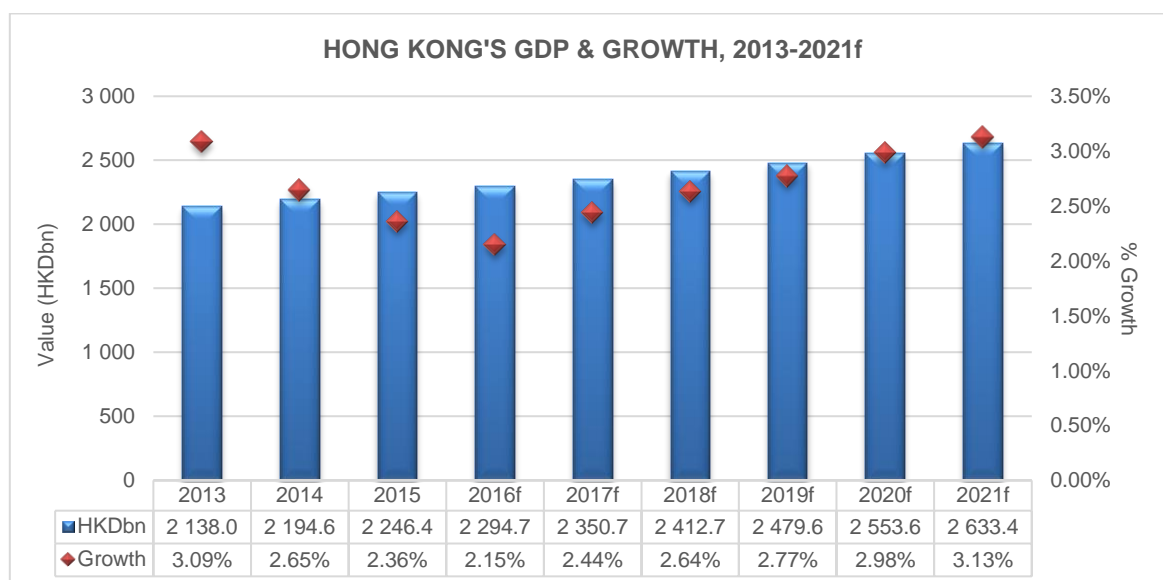
Hong Kong's GDP was valued at USD415bn in 2015 and its GDP per capita was ranked 18th globally at USD56,700. Hong Kong is ranked 4th in terms of the highest percentage of millionaire households, behind Switzerland, Qatar, and Singapore.

ECONOMIC INFORMATION	
GDP (PPP) (2015 est.)	USD414.6 billion
GDP growth (2015 est.)	2.4%
GDP per capita (2015 est.)	USD56,700
Inflation (2015 est.)	3%
Commercial bank prime lending rate: (31 December 2015)	5.1%
Unemployment rate (2015)	2.9%
Doing Business in...(2016 ranking)	5
Total Exports (2015)	USD511bn
Total Imports (2015)	USD559bn
Inward FDI (2003-2015)	ZAR0.8trn
Outward FDI (2003-2015)	ZAR2.6trn

Source: CIA World Factbook, 2016; Doing Business in Hong Kong, 2016

Hong Kong's economy will experience a steady increase in GDP value during the forecast period with GDP increasing from HKD2.1trn in 2013 to UKD2.6trn in 2021. Hong Kong's GDP is forecast to grow by 3% during the period 2016 to 2021.

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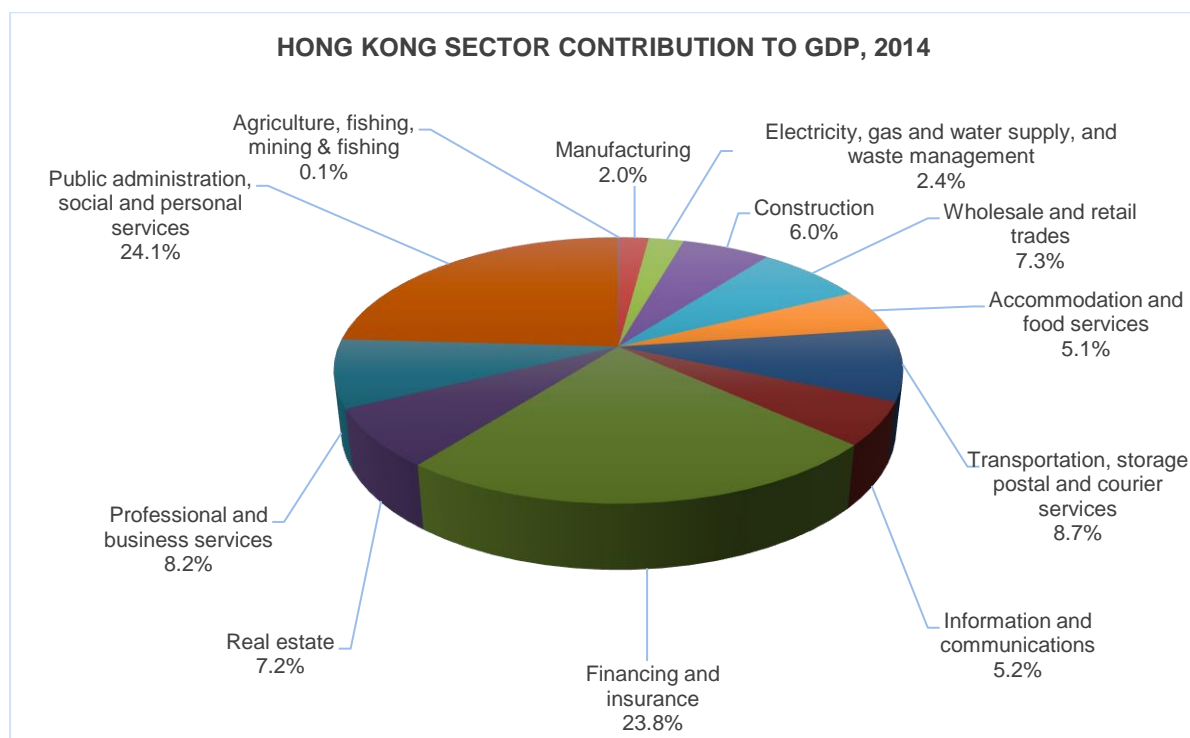


Source: IMF, 2016 (Constant Prices, PPP)

The leading industrial sectors in Hong Kong are:

- textiles,
- clothing,
- tourism,
- banking,
- shipping,
- electronics,
- plastics,
- toys,
- watches and clocks, and
- leading agricultural products are fresh vegetables and fruit; poultry, pork and fish.

According to the graph below, Hong Kong's largest sector in 2014 was public administration, social and personal services sector at 24% share of GDP. Financing and insurance was ranked 2nd at 23.8% share of GDP, followed by transportation, storage postal, and courier services with 8.7%.



Source: Hong Kong Census & Statistics Department, 2016

According to the graph below, Hong Kong's largest sector in 2014 was public administration, social and personal services sector at 24% share of GDP. Financing and insurance was ranked 2nd at 23.8% share of GDP, followed by transportation, storage postal, and courier services with 8.7%.

HONG KONG'S SWOT ASSESSMENT	
<p>Strength</p> <p>Hong Kong is ideally located to act as a gateway for foreign companies into mainland China. As a result, it is able to take advantage of the emergence of China as a global economic powerhouse.</p> <p>Hong Kong has one of the highest per capita GDPs in the Asia Pacific region.</p> <p>Domestic demand is a key driver of the economy.</p>	<p>Weaknesses</p> <p>Hong Kong has some of the highest land and labour costs in Asia and has found it difficult to compete against low-cost China. This has led to the migration of Hong Kong's manufacturing base to the mainland.</p> <p>Hong Kong has a narrow tax base. This means that government finances fluctuate in line with the global economic cycle.</p>
<p>Opportunities</p> <p>In an attempt to boost Hong Kong's economic performance, the mainland Chinese government has granted Hong Kong a number of concessions, including the Closer Economic Partnership Arrangement, which gives goods duty-free access into mainland China.</p>	<p>Threats</p> <p>The economy remains dependent on the health of the global economy</p>

The Chinese government has also reduced the restrictions on mainland Chinese tourists visiting Hong Kong. This has resulted in a wave of new tourist arrivals into the territory, providing a major boost to Hong Kong's retail and tourism industries.

Hong Kong's population is forecast to age rapidly over the coming decades. This will necessitate higher spending on health and welfare.

Source: BMIResearch, 2017

2.1 Companies

The top companies in Hong Kong, according to the Forbes Global 2000 for 2016 are shown below:

LARGEST PUBLICLY TRADED HONG KONG/CHINA COMPANIES AS PER THE FORBES 2000 GLOBAL RANKING, 2016							
RANK	GLOBAL RANK	COMPANY	INDUSTRY	SALES (USDbn)	PROFITS (USDbn)	ASSETS (USDbn)	MARKET VALUE (USDbn)
1	61	Citic Pacific	Conglomerates- special steel manufacturing, property and iron ore mining	53.8	5.4	877.8	45.4
2	126	AIA Group	Life Insurance	23.7	2.7	166	72.7
3	127	CK Hutchison	Conglomerates	21.5	5.9	133.3	48.2
4	199	Jardine Matheson	Food Markets	37	1.8	67	42.1
5	299	Sun Hung Kai Properties	Diversified Financials	9.1	3.9	78.8	36.8
6	340	China Resources Land	Property	13.7	2.3	50.2	17.4
7	401	Cheung Kong Property Holdings	Property	7.5	2.2	48	25.9
8	442	CLP Holdings	Utilities	10.4	2	26.3	23.6
9	487	Swire Pacific	Conglomerates	7.9	1.7	46.8	15.8
10	545	China Taiping Insurance	Insurance	20.7	785m	58.6	7.7
11	548	New World Development	property, infrastructure and services, department stores and hotels	8	2.1	52.9	9.4
12	557	MTR	Transportation	5.4	1.7	31.1	29.1
13	563	Wheelock	financial real estate company	7.4	1.8	66.2	9.5
14	624	Henderson Land	Diversified Financials	3.1	2.8	43.4	21.1
15	666	WH Group	meat processing company	21.2	786m	14.3	11.7
16	674	China Resources Power	Conglomerate-coal	9.2	1.3	26.8	8.8
17	714	Hong Kong Exchanges	Investment	1.7	1	30.7	31.8
18	776	ZTE	Telecommunications equipment and systems	15.7	577m	19.2	8.5
19	789	Cathay Pacific Airways	Transportation	13.2	774m	22.3	6.7
20	821	Link REIT	Real estate investment	1	2.3	20.3	13.9

Source: Economywatch, 2016

2.2 Doing Business in Hong Kong

According to the World Bank's *Doing Business 2016* report, Hong Kong is ranked 5th out of 189 countries in terms of the ease of doing business. Hong Kong's strengths in terms of ease of doing business include protecting investors (1st), starting a business (4th) and paying taxes (4th).

HONG KONG'S EASE OF DOING BUSINESS, 2016	
SELECTED INDICATORS	RANKING OUT OF 189 COUNTRIES, 2016
Starting a Business	4
Dealing with Construction Permits	7
Getting Electricity	9
Registering Property	59
Getting Credit	19
Protecting Investors	1
Paying Taxes	4

HONG KONG'S EASE OF DOING BUSINESS, 2016	
SELECTED INDICATORS	RANKING OUT OF 189 COUNTRIES, 2016
Trading Across Borders	47
Enforcing Contracts	22
Resolving Insolvency	26
Doing Business 2015	5

Source: *Doing Business, 2016*

2.3 Hong Kong's Risk Ratings

According to Standard and Poors (S&P) (2015), Hong Kong's current credit rating stayed at AAA, three notches higher than China, which is at AA-. Although the Legislative Council rejected the Chief Executive Election Reform Proposal in June for the 2017 ballot, we believe relations between the central government and its SAR will remain constructive – as they have been since the handover to China in 1997 – because a stable and prosperous Hong Kong advances China's reform agenda. The global rating agency said the ratings on Hong Kong also reflect above-average economic growth prospects, although it added that it did not believe that the credit standing of Hong Kong can be completely disconnected from that of the mainland, given the “financial and economic linkages, and the ultimate sovereign authority of China.”

HONG KONG'S COUNTRY RATINGS				
STANDARD & POORS SOVEREIGN RATINGS			FITCH RATINGS	MOODY'S INVESTORS SERVICES
Local Currency Rating	Foreign Currency Rating	T&C Assessment	Credit Rating	Credit Rating
AAA	AAA	AAA	AA+	Aa1

Sources: *Fitch Ratings, Moody's Investor Services, Standard & Poors, 2016*

The table below shows Hong Kong's risk assessment in terms of export transactions and direct investments. Ratings are between 1 and 7, and between A and C, with 7 and C being the maximum risk indicators. The table shows that the political risk and commercial risk in Hong Kong is low both in the short- and long-term.

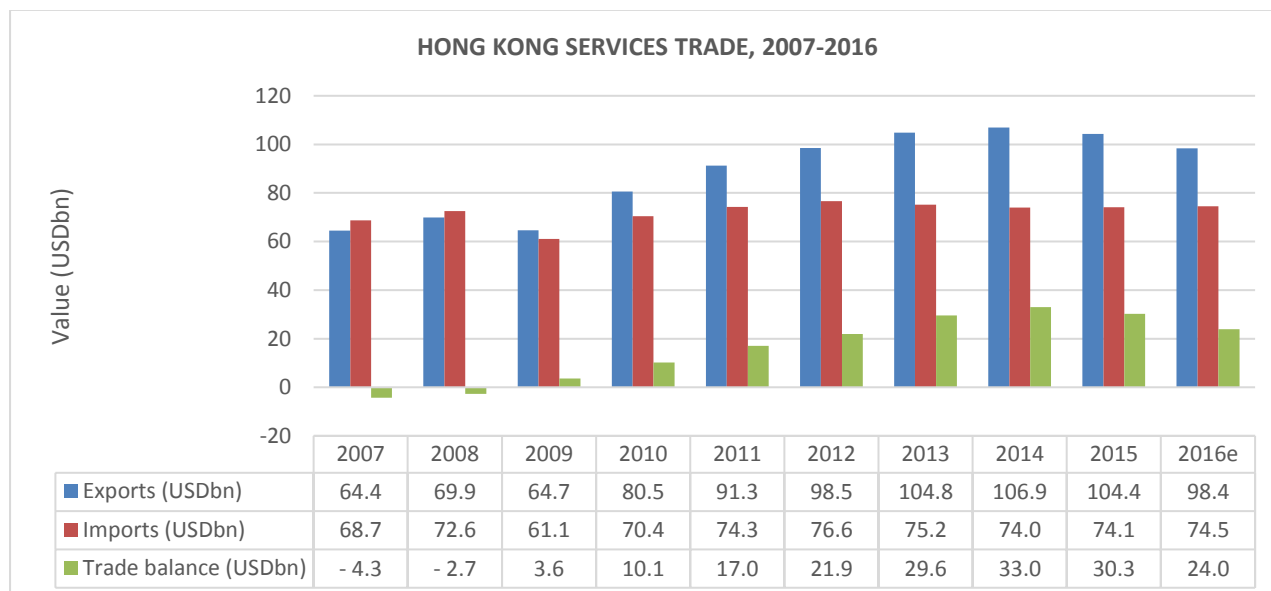
HONG KONG'S RISK ASSESSMENT		
EXPORT TRANSACTIONS		
Political Risks	Short Term	1
	Medium-Long term	1
	Special Transactions	1
Commercial Risk	B	
DIRECT INVESTMENTS		
War risk	2	
Risk of expropriation and government action	1	
Transfer risk	1	

Source: *ONDD, 2016*

3. Trade

3.1 Trade in Services

In 2014 Hong Kong experienced the highest export in services over the ten year period. Except for 2007 and 2008, Hong Kong has consistently maintained a positive trade balance.



Source: TradeMap, 2017

The table below shows Hong Kong's trade in services for 2016. Travel was the largest services export valued at USD33bn followed by transport (USD28bn) and financial services (USD18bn). Travel was also the largest import service into Hong Kong valued at USD24bn followed by transport (USD17bn) and manufacturing services on physical inputs owned by others valued at USD11bn.

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SERVICES EXPORTED BY HONG KONG, 2016				SERVICES IMPORTED BY HONG KONG, 2016			
CODE	SERVICE	VALUE 2016 (USDm)	% GROWTH 2012-2016	CODE	SERVICE	VALUE 2016 (USDm)	% GROWTH 2012-2016
4	Travel	32 748.1	3.46%	4	Travel	24 129	4.87%
3	Transport	28 049.8	-2.62%	3	Transport	17 140	-0.83%
7	Financial services	18 120.9	4.88%	1	Manufacturing services on physical inputs owned by others	11 191	-8.61%
6	Insurance and pension services	1 392.0	10.47%	7	Financial services	4 687	3.92%
2	Maintenance and repair services n.i.e.	325.5	1.46%	6	Insurance and pension services	1 429	3.77%
				2	Maintenance and repair services n.i.e.	24 129	4.87%
TOTAL EXPORTS		98 432.2	1.64%	TOTAL IMPORTS		74 461	0.07%

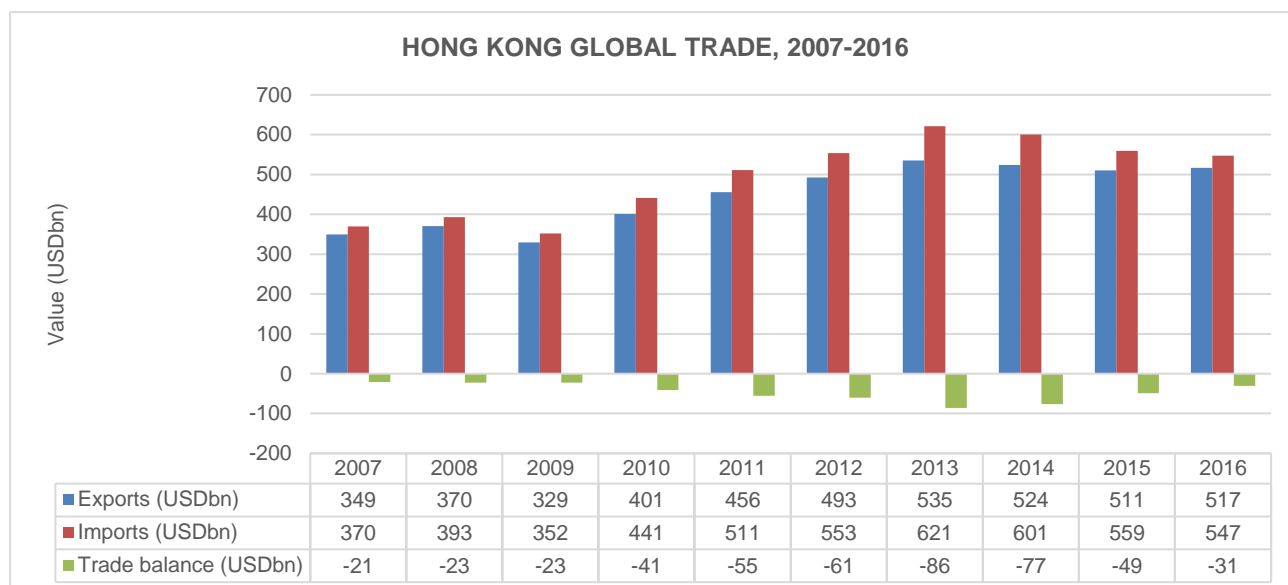
Source: TradeMap, 2017

*2016 figures estimated by WTO

3.2 Hong Kong Global Trade

The figure below illustrates Hong Kong's trend in global trade for the period 2007 to 2016. Hong Kong global exports in 2016 were valued at USD517bn compared to USD511bn in 2015, increasing by 1.2%. Global imports from Hong Kong were valued at USD547bn in 2016 compared to USD559bn in 2015, decreasing by 2.2%.

More than 80% of Hong Kong manufacturers have established production facilities in China. More specifically, Hong Kong's trade performance is in part affected by outward processing activities in Guangdong where the majority of Hong Kong companies have extended their manufacturing base. In 2015, 28.5% of Hong Kong's total exports to the Chinese mainland were related to outward processing activities; the figures were 13.9% for domestic exports and 28.7% for re-exports (HKTDC, 2016).



Source: TradeMap, 2017

China was the leading export market for Hong Kong in 2016, valued at USD286bn. The United States and India rank second and third valued at USD42bn and ZAR15.4bn respectively. Other top export markets were Japan (USD15bn) and the United Kingdom (USD11bn).

TOP 10 HONG KONG EXPORT MARKETS, 2016			
RANK	IMPORTERS	VALUE 2016 (USDbn)	% GROWTH 2012-2016
1	China	285.5	3.36%
2	United States	42.0	-0.25%
3	India	15.4	5.01%
4	Japan	15.1	-2.76%
5	United Kingdom	11.2	10.31%
6	Taipei, Chinese	10.2	-2.01%
7	Thailand	10.1	10.33%
8	Singapore	9.4	4.56%
9	Viet Nam	9.4	10.75%
10	Switzerland	9.3	25.55%
34	South Africa	0.9	3.49%
TOTAL EXPORTS		516.6	2.66%

Source: TradeMap, 2017

China was also the leading import market in 2016, valued at USD244bn. Chinese Taipei and Japan ranked second and third valued at USD49bn and USD34bn respectively.

TOP 10 HONG KONG IMPORT MARKETS, 2016			
RANK	EXPORTERS	VALUE 2016 (USDbn)	% GROWTH 2012-2016
1	China	244.35	5.98%
2	Taipei, Chinese	48.68	4.84%
3	Japan	34.27	-2.77%
4	Republic of Korea	30.34	2.45%
5	United States	26.06	7.00%
6	Switzerland	18.30	4.70%
7	India	16.62	44.20%
8	Malaysia	16.52	2.51%
9	Singapore	12.19	1.15%
10	Thailand	11.34	4.20%
18	South Africa	4.6	11.6%
TOTAL IMPORTS		547.12	1.64%

Source: TradeMap, 2017

The table below shows Hong Kong's top 10 traded products in 2016. Electronic integrated circuits was the leading export product, valued at USD100bn. Telephone sets, incl. telephones for cellular networks and Gold, incl. gold plated with platinum were ranked second and third valued at USD75bn and USD54bn respectively.

Electronic integrated circuits were also the leading import product by Hong Kong, valued at USD118bn. Telephone sets, incl. telephones for cellular networks and gold (unwrought or in semi-manufactured forms) were ranked second and third at USD76bn and USD30bn respectively. Other top imports are automatic data processing machines (USD21bn), diamonds (USD19bn) and parts and accessories (other than covers, carrying cases and the like) (USD15bn).

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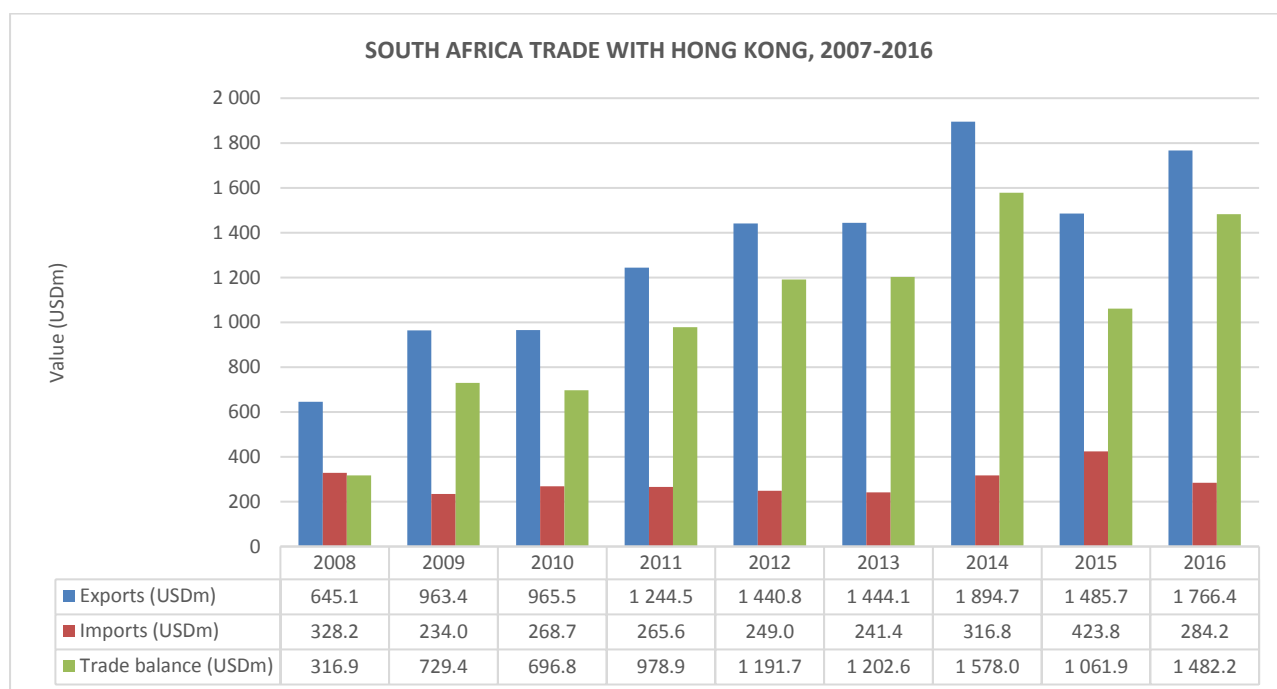
TOP 10 HONG KONG GLOBAL EXPORTS, 2016				TOP 10 HONG KONG GLOBAL IMPORTS 2016			
RANK	PRODUCT	VALUE 2016 (USDbn)	% GROWTH 2012-2016	RANK	PRODUCT	VALUE 2016 (USDbn)	% GROWTH 2012-2016
1	Electronic integrated circuits; parts thereof	99.5	11.09%	1	Electronic integrated circuits; parts thereof	118.0	10.66%
2	Telephone sets, incl. telephones for cellular networks	75.2	10.95%	2	Telephone sets, incl. telephones for cellular networks or for other wireless networks	75.9	12.74%
3	Gold, incl. gold plated with platinum	54.1	24.12%	3	Gold, incl. gold plated with platinum, unwrought or not further worked than semi-manufactured	29.5	19.77%
4	Parts and accessories (other than covers, carrying cases and the like)	20.8	-1.20%	4	Automatic data-processing machines and units thereof; magnetic or optical readers, machines	21.2	4.19%
5	Automatic data-processing machines and units thereof; magnetic or optical readers	18.9	3.38%	5	Diamonds, whether or not worked, but not mounted or set	18.9	-0.03%
6	Diamonds, whether or not worked, but not mounted or set	15.3	0.89%	6	Parts and accessories (other than covers, carrying cases and the like)	14.8	-5.74%
7	Diodes, transistors and similar semiconductor devices; photosensitive semiconductor devices	12.0	6.28%	7	Diodes, transistors and similar semiconductor devices; photosensitive semiconductor devices	13.7	2.84%
8	Parts suitable for use solely or principally with transmission and reception apparatus	10.5	-2.53%	8	Articles of jewellery and parts thereof, of precious metal or of metal clad with precious metal	11.4	3.46%
9	Electrical transformers, static converters, e.g. rectifiers, and inductors; parts thereof	9.8	0.11%	9	Printed circuits	9.0	-0.42%
10	Printed circuits	9.4	0.68%	10	Parts suitable for use solely or principally with transmission and reception apparatus	8.5	-2.33%

TOP 10 HONG KONG GLOBAL EXPORTS, 2016				TOP 10 HONG KONG GLOBAL IMPORTS 2016			
RANK	PRODUCT	VALUE 2016 (USDbn)	% GROWTH 2012-2016	RANK	PRODUCT	VALUE 2016 (USDbn)	% GROWTH 2012-2016
TOTAL EXPORTS		516.6	2.66%	TOTAL IMPORTS		547.1	1.64%

Source: TradeMap, 2017

3.3 South Africa's trade with Hong Kong

South Africa's trade with Hong Kong significantly increased from 2008 to 2016. Export figures increased from USD645m in 2008 to USD1.76bn in 2016, while imports remained fairly stable. South Africa has maintained a trade surplus with Hong Kong.



Source: Trademap, 2017

The leading export product to Hong Kong from South Africa in 2016, was platinum, unwrought, semi-manufactured or powder forms valued at USD669m, followed by waste and scrap of precious metal valued at USD261m and iron ores and concentrates valued at USD143m. The fastest growing products over the period 2012 to 2016, were chromium ores and citrus. It is evident from the basket of goods shown that Hong Kong has an appetite for South Africa's metal, agribusiness, vehicle and pharmaceutical products. Telephone sets, including telephones for cellular networks was the leading import product into South Africa from Hong Kong was valued at USD115.5m, followed by automatic data processing machines (USD15.2m).

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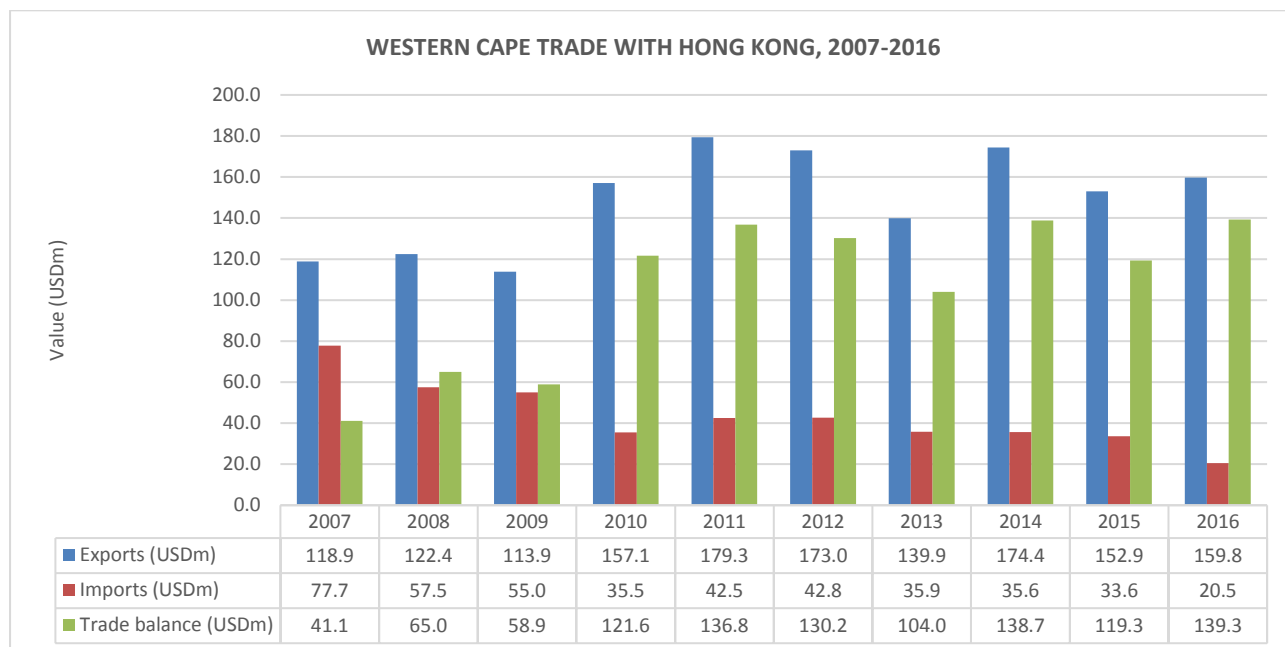
SOUTH AFRICA'S EXPORTS TO HONG KONG, 2016				SOUTH AFRICA'S IMPORTS FROM HONG KONG, 2016			
RANK	PRODUCT	VALUE 2016 (USDm)	% GROWTH 2012-2016	RANK	PRODUCT	VALUE 2016 (USDm)	% GROWTH 2012-2016
1	Platinum, unwrought or in semi-manufactured or powder forms	669.2	38.67%	1	Telephone sets, incl. telephones for cellular networks or for other wireless networks; other ...	115.5	37.09%
2	Waste and scrap of precious metal or of metal clad with precious metal; other waste and scrap ...	261.1	2878.23%	2	Automatic data-processing machines and units thereof; magnetic or optical readers, machines ...	15.2	22.45%
3	Iron ores and concentrates, incl. roasted iron pyrites	143.4	24.60%	3	Rice	12.5	506.76%
4	Other nuts, fresh or dried, whether or not shelled or peeled (excluding coconuts, Brazil nuts ...	96.7	23.03%	4	Parts suitable for use solely or principally with internal combustion piston engine of heading ...	8.5	4575.84%
5	Citrus fruit, fresh or dried	74.0	7018.46%	5	Wrist-watches, pocket-watches and other watches, incl. stop-watches (excluding of precious ...	5.7	-16.46%
6	Ferro-alloys	53.6	115.45%	6	Diamonds, whether or not worked, but not mounted or set (excluding unmounted stones for pick-up ...	4.9	57.14%
7	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic uses, put ...	44.9	47.09%	7	Tricycles, scooters, pedal cars and similar wheeled toys; dolls' carriages; dolls; other toys; ...	3.7	23.91%

SOUTH AFRICA'S EXPORTS TO HONG KONG, 2016				SOUTH AFRICA'S IMPORTS FROM HONG KONG, 2016			
RANK	PRODUCT	VALUE 2016 (USDm)	% GROWTH 2012-2016	RANK	PRODUCT	VALUE 2016 (USDm)	% GROWTH 2012-2016
8	Chromium ores and concentrates	39.4	9196.97%	8	Containers, incl. containers for the transport of fluids, specially designed and equipped for ...	3.3	47.92%
9	Polymers of propylene or of other olefins, in primary forms	34.4	-0.97%	9	Electrical transformers, static converters, e.g. rectifiers, and inductors; parts thereof	3.0	-0.96%
10	Molluscs, fit for human consumption, even smoked, whether in shell or not, live, fresh, chilled, ...	32.6	44.76%	10	Articles of jewellery and parts thereof, of precious metal or of metal clad with precious metal ...	2.9	-0.13%
TOTAL EXPORTS		1 766.4	8.86%	TOTAL IMPORTS		284.2	4.55%

Source: Quantec, 2017

3.4 Western Cape's Trade with Hong Kong

Western Cape trade to Hong Kong increased from 2006 to 2016. The Province's exports to Hong Kong increased from USD118.9m in 2007 to USD159.8m in 2016, while imports decreased from USD77.7m in 2007 to USD20.5m in 2016. The Western Cape has maintained a trade surplus with Hong Kong, with exports exceeding imports over the period.



Source: Quantec, 2017

The leading export product to Hong Kong from the Western Cape was citrus fruit valued at USD36m followed by molluscs (USD26m). The fastest growing export products over the period 2012 to 2016 were refined petroleum, stone fruit and citrus fruit. The leading import product into the Western Cape from Hong Kong were glass fibres, including glass wools valued at USD2.2m, followed by articles of jewellery (USD1.8m).

WESTERN CAPE'S EXPORTS TO HONG KONG, 2016				WESTERN CAPE'S IMPORTS FROM HONG KONG, 2016			
RANK	PRODUCT	VALUE 2016 (USDm)	% GROWTH 2012-2016 (USD)	RANK	PRODUCT	VALUE 2016 (USDm)	% GROWTH 2012-2016 (USD)
1	Citrus fruit, fresh or dried	35.5	30.11%	1	Glass fibres (including glass wool) and articles thereof (for example, yarn, woven fabrics)	2.2	951.75%
2	Molluscs, whether in shell or not, live, fresh, chilled, frozen, dried	26.0	1.15%	2	Articles of jewellery and parts thereof, of precious metal	1.8	10.38%
3	Grapes, fresh or dried	23.4	-1.98%	3	Automatic data processing machines and units thereof	1.7	149.97%
4	Crustaceans, molluscs and other aquatic invertebrates	14.6	25.50%	4	Printed books, brochures, leaflets and similar printed matter, whether or not in single sheets	1.1	14.17%
5	Crustaceans, whether in shell or not, live, fresh, chilled, frozen, dried, salted or in brine	10.6	-18.50%	5	Printed circuits	0.8	82.78%
6	Apples, pears and quinces, fresh	8.9	5.10%	6	Telephone sets, including telephones for cellular networks or for other wireless networks	0.8	155.78%
7	Fruit, nuts and other edible parts of plants, otherwise prepared or preserved	7.3	-16.76%	7	Parts suitable for use with TV and radio broadcasting	0.7	356.05%
8	Refined petroleum oils and oils obtained from bituminous minerals	4.1	1701.01%	8	Petroleum resins, coumarone-indene resins, polyterpenes, polysulphides, polysulphones	0.7	626.70%

WESTERN CAPE'S EXPORTS TO HONG KONG, 2016				WESTERN CAPE'S IMPORTS FROM HONG KONG, 2016			
RANK	PRODUCT	VALUE 2016 (USDm)	% GROWTH 2012-2016 (USD)	RANK	PRODUCT	VALUE 2016 (USDm)	% GROWTH 2012-2016 (USD)
9	Wine of fresh grapes	3.1	-4.94%	9	Discs, tapes, solid-state non-volatile storage devices, smart cards and other media for the recording of sound or of other phenomena	0.5	43.41%
10	Apricots, cherries, peaches (including nectarines), plums and sloes, fresh	2.6	44.22%	10	Diamonds, whether or not worked, but not mounted or set	0.5	15.26%
TOTAL EXPORTS		159.8	-0.58%	TOTAL IMPORTS		20.5	-15.38%

Source: Quantec, 2017

3.5 Trade Regulations Markings and Standards

Import Tariff

Hong Kong is a free port that does not levy a customs tariff. The HKG levies excise duties on four commodities: hard alcohol (distilled spirits), tobacco, hydrocarbon oil, and methyl alcohol. The excise tax on distilled spirits is 100%, and the rate for unleaded gasoline is USD0.78 per liter. Duties on wine and beer were reduced to 0% effective February 27, 2008. Lastly, a steep "First Registration Tax," which ranges from 35% -100% of price, is levied on new car purchases. The current list of dutiable goods and corresponding rates is available at: http://www.customs.gov.hk/en/trade_facilitation/dutiable/types/index.html

Trade Barriers

Hong Kong is a duty-free port, with few barriers to trade in goods and services and few, if any, restrictions on foreign capital flows and investment. The Hong Kong government imposes license requirements on the import and export of items found on control lists issued by the major multilateral export control regimes (Wassenaar Arrangement, Missile Technology Control Regime, Nuclear Suppliers' Group, and Australia Group).

Labelling

Hong Kong's non-tariff barriers related to labeling requirements, standards, and other requirements are generally minimal, but will become more restrictive for foods, beverages, and supplements. Pharmaceuticals and over-the-counter (OTC) drugs must have indications of dosage and frequency on the label in both Chinese and English.

Food Labeling

Hong Kong's food labeling regulations are developed and administered by The Food and Hygiene Environmental Department's Centre for Food Safety. According to Schedule 3 to the Food and Drugs (Composition and Labeling) Regulations (Cap. 132W), the following information should be marked in either English or Chinese language or in both languages on the label of prepackaged food:

- Name of the food
- List of ingredients (including allergens)
- Indication of "use by" or "best before" date
- Statement of special conditions for storage or instructions for use
- Name and address of manufacturer or packer
- Count, weight or volume of food
- Nutrition Information

New Food Labeling Requirements

Hong Kong's nutritional labeling regulation took effect July 1, 2010. The regulation requires all prepackaged food sold in Hong Kong to label the product's energy content plus seven nutrients: protein, carbohydrates, fat, saturated fat, trans fat, sodium and sugars. Packaged products which make claims such as "low fat" or "high in Vitamin A" must meet additional labeling and definitional requirements as uniquely spelled out in the legislation.

Prohibited

The import of ammunitions, firearms and fireworks is strictly forbidden.

3.6 Port-to-Port Rates

The port of Hong Kong, located by the South China Sea, is a deepwater seaport dominated by trade in containerised manufactured products, and to a lesser extent raw materials and passengers. It is one of the busiest ports in the world, in the three categories of shipping movements, cargo handled and passengers carried.

Hong Kong is a free port. There is no customs tariff on goods imported into Hong Kong. The Hong Kong government collects an excise duty on only four types of goods irrespective of whether they are imported or locally manufactured, namely, tobacco, hydrocarbon oil, alcoholic beverages and methyl alcohol. In general, any person who imports or exports any goods is required to lodge with the commissioner of customs and excise an import/export declaration within 14 days after the importation or exportation of the goods.

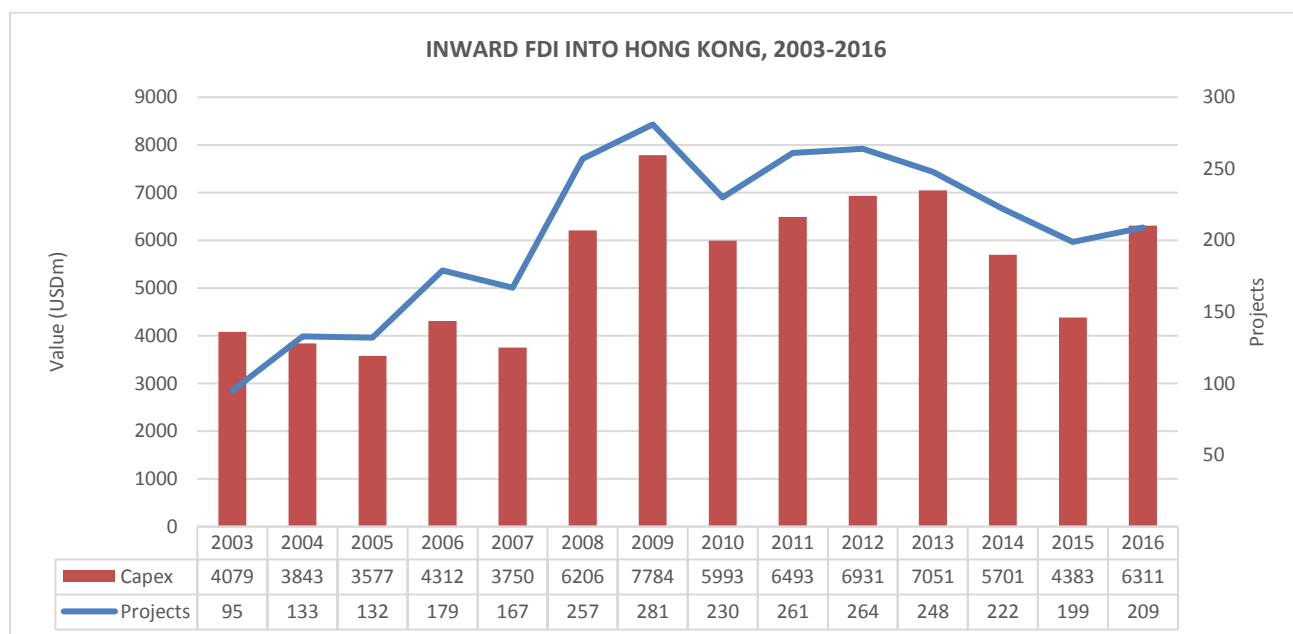
CAPE TOWN PORT TERMINAL TO HONG KONG MAIN SEA PORTS		
HONG KONG PORTS	DISTANCE	TRANSIT TIME
Hong Kong	12831.74 km	20 days(s) 14 hours

Source: Sea-Rates, 2017

4. Investment

4.1 Global Investment into Hong Kong

Between January 2003 and December 2016 a total of 2,877 FDI projects were recorded into Hong Kong. These projects represent a total capital investment of USD76.41bn which is an average investment of USD26.60m per project. During the period, a total of 205,735 jobs were created.



Source: FDI Intelligence, 2017

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The United States was the largest source market for inward FDI into Hong Kong in terms of projects, with 797 investment projects, accounting for 28%. The United Kingdom and China were ranked second and third accounting for 16% and 7%, respectively.

TOP 10 SOURCE MARKETS FOR FDI INTO HONG KONG, 2003-2016					
RANK	COUNTRY	PROJECTS	% PROJECTS	CAPEX (USDm)	% CAPEX
1	United States	797	27.70%	21 924.8	28.69%
2	UK	447	15.54%	12 212.4	15.98%
3	China	200	6.95%	6 395.6	8.37%
4	Japan	161	5.60%	4 090.7	5.35%
5	France	160	5.56%	3 297.6	4.32%
6	Germany	110	3.82%	3 402.0	4.45%
7	Switzerland	106	3.68%	2 950.3	3.86%
8	Italy	102	3.55%	1 808.2	2.37%
9	Australia	85	2.95%	1 982.2	2.59%
10	Canada	78	2.71%	2 307.7	3.02%
Total		2 877	100%	76 412.8	100%

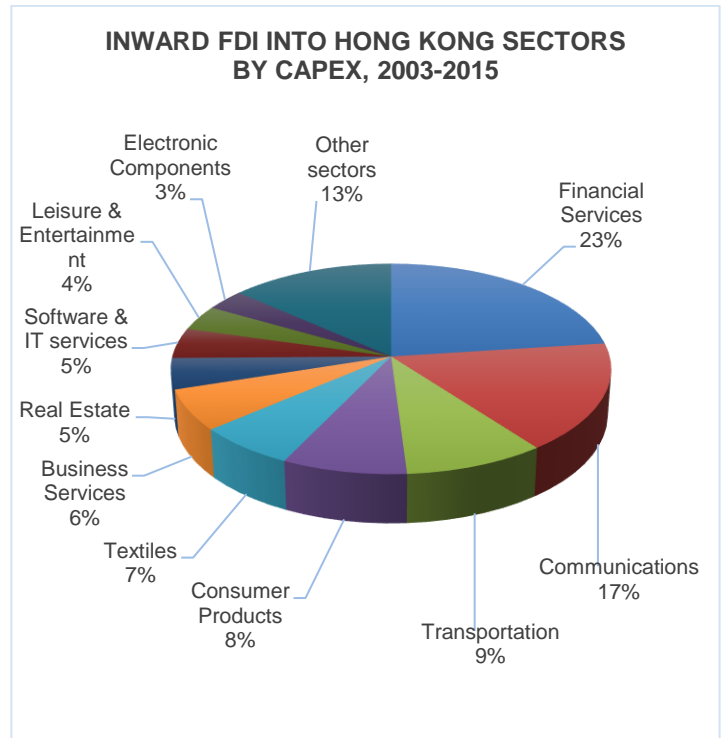
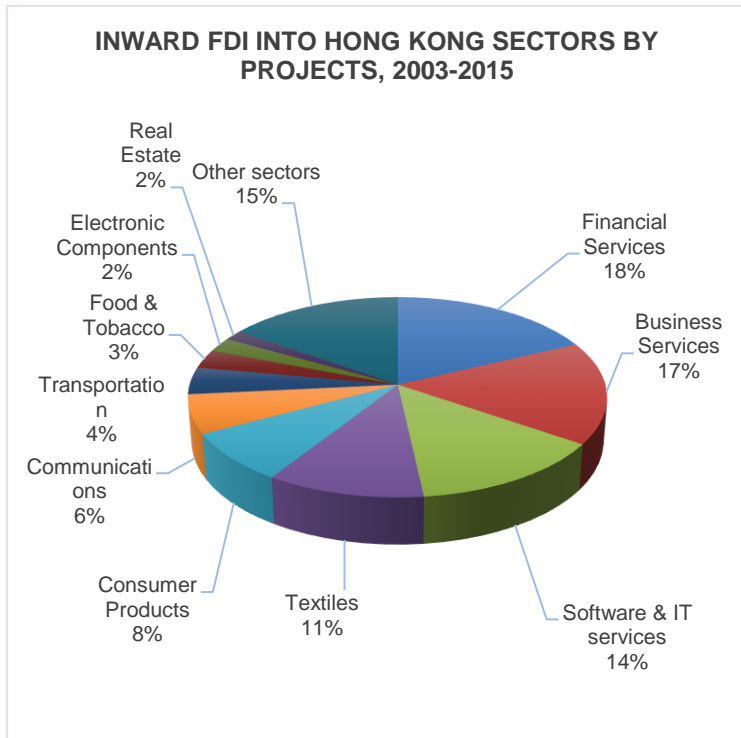
Source: FDI Intelligence, 2016

The figures below show global inward FDI into Hong Kong by sector, for 2003 to 2015 by number of projects and capex. In terms of FDI projects, most projects were in the following:

- Financial services accounting for 18% of projects,
- Business services accounting for 17% of projects, and
- Software and IT services accounting for 14% of projects.

In terms of sector classification of FDI by capex, most FDI went to the following:

- Financial services accounting for 23% of capex,
- Communications accounting for 17% of capex, and
- Transportation accounting for 9% of capex.



Source: FDI Intelligence, 2016

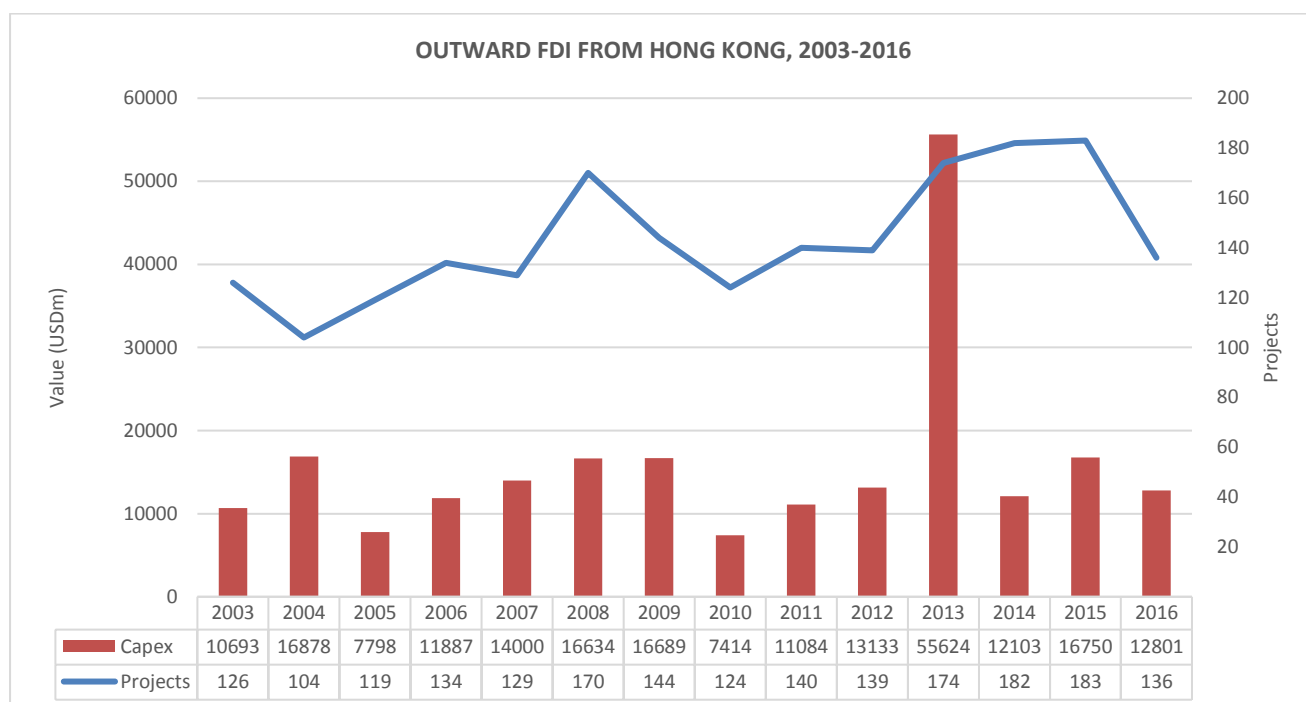
The top 10 global companies investing into Hong Kong by projects from 2003 to 2015 are shown below.

COMPANIES INVESTING INTO HONG KONG, 2003- 2015				
RANK	INVESTING COMPANY	PROJECTS	CAPEX (ZARm)	SECTOR
1	HSBC	18	7 340	Financial services
2	Citibank	9	3 670	Financial services
3	Apple Inc	6	98	Business Machines & Equipment
4	IWC Schaffhausen	6	2 046	Consumer products
5	Equinix	5	3 247	Communication
6	Hennes & Mauritz (H&M)	5	1 060	Textiles
7	Industrial and Commercial Bank of China (ICBC)	5	2 039	Financial services
8	Mustang	5	671	Textiles
9	Standard Chartered Bank	5	2 039	Financial services
10	Aesop	4	1 364	Consumer products
TOTAL		2 634	834 038	-

Source: FDI Intelligence, 2016

4.2 Global Investment from Hong Kong

Between January 2003 and December 2016 a total of 2,004 FDI projects were recorded from Hong Kong. These projects represent a total capital investment of USD223.49bn which is an average investment of USD111.50m per project. During the period, a total of 581,828 jobs were created.



Source: FDI Intelligence, 2017

China was the largest destination market in terms of projects for FDI from Hong Kong, with 695 investment projects, accounting for 35%. The United States and India are ranked second and third accounting for 6.2% and 5.7% respectively.

TOP 10 DESTINATION MARKETS FOR FDI OUT OF HONG KONG, 2003–2016					
RANK	COUNTRY	PROJECTS	% PROJECTS	CAPEX (USDm)	% CAPEX
1	China	695	34.68%	82 207	36.78%
2	United States	124	6.19%	4 548	2.04%
3	India	114	5.69%	8 298	3.71%
4	UK	88	4.39%	4 749	2.13%
5	Vietnam	78	3.89%	6 394	2.86%
6	Singapore	67	3.34%	1 881	0.84%
7	Germany	59	2.94%	674	0.30%
8	Australia	50	2.50%	2 316	1.04%
9	Malaysia	46	2.30%	4 727	2.11%
10	Taiwan	40	2.00%	2 179	0.98%
TOTAL		2 004	100%	223 487.3	100%

Source: FDI Intelligence, 2017

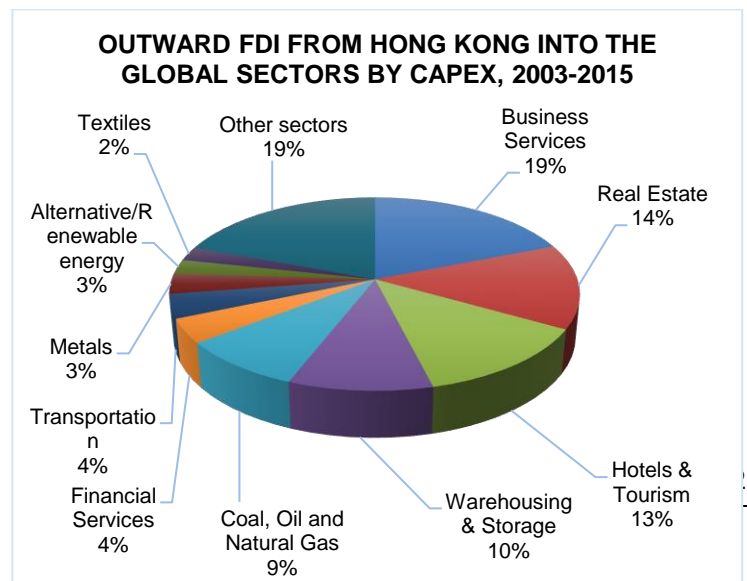
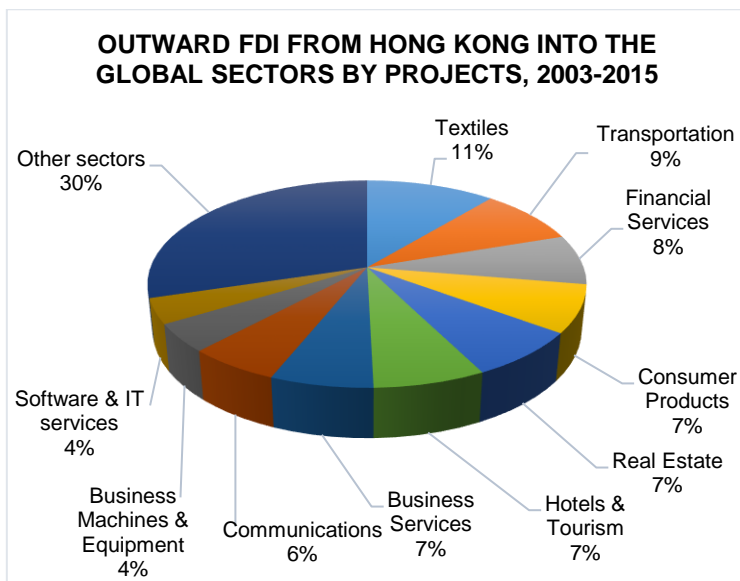
The figures below show global outward FDI from Hong Kong by sector, for 2003 to 2015 by number of projects and capex.

In terms of FDI projects, most projects were in the following sectors:

- Textiles accounting for 11% of projects,
- Transportation accounting for 9% of projects, and
- Financial services accounting for 8% of projects.

In terms of sector classification of FDI by capex, most FDI went to the following sectors:

- Business services accounting for 19% of capex,
- Real estate accounting for 14% share of capex, and
- Hotels and tourism accounting for 13% of capex.

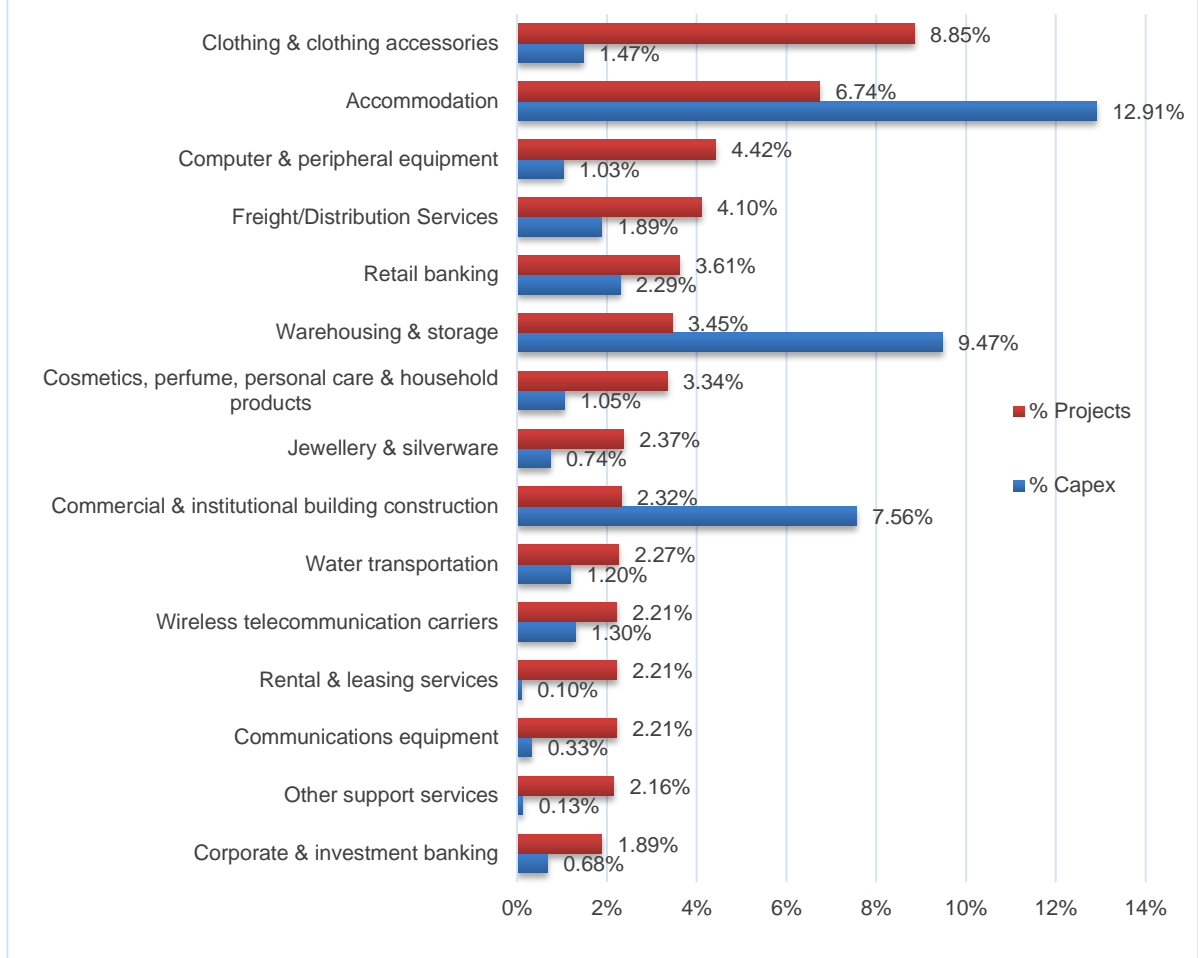


Source: FDI Intelligence, 2016

In terms of sub-sector classification of FDI from Hong Kong by projects, most FDI went to the following:

- Clothing and clothing accessories accounting for 9% of projects and 1.5% capex,
- Accommodation accounting for 7% of projects and 13% capex,
- Computer and peripheral equipment accounting for 4.4% of projects and 1.1% capex, and
- Freight/distribution services accounting for 4.1% of projects and 1.9% capex.

OUTWARD FDI FROM HONG KONG INTO THE GLOBAL SUBSECTORS BY PROJECTS, 2003-2015



Source: FDI Intelligence, 2016

The top 10 global companies investing from Hong Kong by project from 2003 to 2015 are shown below.

COMPANIES INVESTING FROM HONG KONG, 2003-2015				
RANK	INVESTING COMPANY	SECTORS	PROJECTS	CAPEX (ZARm)
1	Lenovo	Business Machines & Equipment	69	25 712
2	The Executive Centre	Real Estate	35	1 683
3	The Bank of East Asia	Financial Services	31	24 551
4	Tommy Hilfiger	Textiles	29	4 169
5	Esprit	Textiles	28	5 737
6	Giordano	Textiles	27	3 963
7	Crown Worldwide Holdings	Transportation	25	18 236
8	AS Watson (Watsons)	Consumer Products	24	12 192
9	Hutchison Port Holdings (HPH)	Warehousing & Storage	22	113 864
10	Shangri-La Asia	Hotels & Tourism	22	40 610
Total			1 854	2 611 178

Source: FDI Intelligence, 2016

4.3 Investment Relations between South Africa and Hong Kong

4.3.1 Hong Kong FDI to South Africa

Between January 2003 and December 2016 a total of 9 FDI projects were recorded from Hong Kong to South Africa. These projects represent a total capital investment of USD124m which is an average investment of USD13.8m per project. During the period, a total of 286 jobs were created.

HONG KONG FDI TO SOUTH AFRICA, 2003-2016							
DATE	INVESTING COMPANY	DESTINATION STATE	INDUSTRY SECTOR	SUB-SECTOR	INDUSTRY ACTIVITY	CAPEX (USDm)	JOBS
Mar 2014	IP Global	Western Cape	Real Estate	Real estate services	Sales, Marketing & Support	28.3	18
Mar 2014	IP Global	Gauteng	Real Estate	Real estate services	Sales, Marketing & Support	28.3	18
Feb 2014	GRMSearch	Gauteng	Business Services	Employment services	Business Services	6.8	15
May 2013	Wallem Group	KwaZulu-Natal	Business Services	Other support services	Business Services	6.8	15
May 2013	Wallem Group	Western Cape	Business Services	Other support services	Business Services	6.8	15
Dec 2011	Pacific Basin	KwaZulu-Natal	Transportation	Water transportation	Sales, Marketing & Support	15.3	10
Jul 2011	Noble Resources South Africa	Mpumalanga	Food & Tobacco	Grains & oilseed	Manufacturing	22.9	150
Apr 2011	Artificial Life	Western Cape	Communications	Wireless telecommunication carriers	Sales, Marketing & Support	7.5	16
May 2009	Astrum Holdings Ltd	Gauteng	Business Machines & Equipment	Computer & peripheral equipment	Sales, Marketing & Support	1.3	29

Source: FDI Intelligence, 2017

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Key information regarding the companies above is shown below:

In 2014, Hong Kong-based IP Global, a provider of property advisory services, has opened a new office in Johannesburg, South Africa. The expansion is part of a wider growth strategy which has seen additional offices established in Cape Town and Abu Dhabi.

In 2013, Wallem Group from Hong Kong invested in Cape Town, South Africa, in the business services sector. Hong Kong-based Wallem Group, provides ship management, agency and brokering services. The office will provide ship agency and logistics services for all ports in South Africa, and will handle client business for other African markets such as Mozambique, Namibia and destinations in southern parts of the Indian Ocean.

In 2011, Artificial Life from Hong Kong invested in Stellenbosch, South Africa, in the communications sector in a sales, marketing and support project. Hong Kong-based Artificial Life, is a provider of mobile technology and applications. The company will focus on developing and expanding its mobile health care services and products customised for the country. It has also extended its health platform to include an application that will be used for the care management of HIV/AIDS patients.

4.3.2 South African FDI to Hong Kong

Between January 2003 and December 2016 a total of 10 FDI projects were recorded. These projects represent a total capital investment of USD220.30m which is an average investment of USD22.00m per project. During the period, a total of 618 jobs were created.

SOUTH AFRICA FDI TO HONG KONG, 2003-2016							
DATE	INVESTING COMPANY	SOURCE STATE	INDUSTRY SECTOR	SUB-SECTOR	INDUSTRY ACTIVITY	CAPEX (USDm)	JOBS
Jan 2016	Analysys Mason	Gauteng	Communications	Other telecommunications	Business Services	2.8	24
Jan 2016	Denel	Gauteng	Space & Defence	Other (Space & Defence)	Headquarters	55.4	93
Jan 2015	Cartrack	Gauteng	Software & IT services	Software publishers, except video games	Sales, Marketing & Support	6.4	23
Oct 2014	Wines of South Africa	Western Cape	Beverages	Wineries	Sales, Marketing & Support	19	22
Nov 2013	De Beers Diamond Jewellers	Gauteng	Consumer Products	Jewellery & silverware	Retail	29.1	149
Dec 2011	De Beers Diamond Jewellers	Gauteng	Consumer Products	Jewellery & silverware	Retail	29.1	149
Dec 2011	LontohCoal	Gauteng	Coal, Oil and Natural Gas	Coal mining	Sales, Marketing & Support	6.5	8
Oct 2011	Diamdel	Gauteng	Minerals	Other non-metallic mineral products	Sales, Marketing & Support	2.1	42
Sep 2008	Sasfin Holdings	Gauteng	Financial Services	Corporate & investment banking	Business Services	34.8	16
Jul 2008	Bright World	Western Cape	Beverages	Wineries	Logistics, Distribution & Transportation	35.1	92

Source: FDI Intelligence, 2017

5. Tourism

5.1 Hong Kong Trends and Travel Patterns

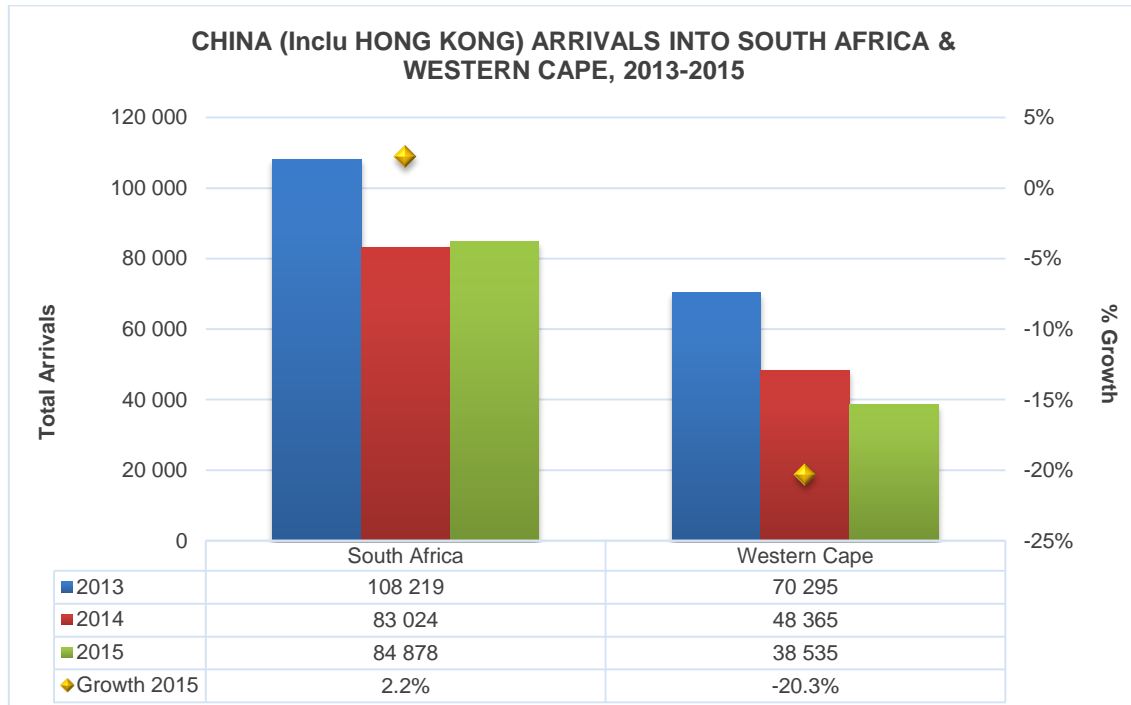
According to Business Monitor International (2016), Hong Kong is home to a well-developed and mature tourism market. The country attracts high volumes of visitors from mainland China, and as a major regional travel hub also welcomes many visitors from throughout the Asia Pacific region and beyond. Tourism infrastructure is modern, including an extensive public transport network and one of the largest and busiest airports in the world.

Domestic tourism within Hong Kong is somewhat limited due to the size of the territory and the ease of overseas travel. The average income in Hong Kong is high relative to the region, and its citizens have significant disposable income. Combined with good transport infrastructure, it is easy for Hong Kong citizens to travel abroad, especially as high competition within the regional airline industry pushes prices down. Hong Kong passport holders also benefit from having visa-free (or visa on arrival) arrangements with some 154 countries globally. Growth is generally stable, although will be affected by the economic slowdown in China (Business Monitor International, 2016),

International travel is expected to be strong in 2016, with 13.3mn outbound departures. This will grow to 15.2mn by the end of the forecast period (2020). While this growth is slower than 2015, it is broadly in line with previous years. The vast majority of travel (over 96%) will be to other APAC countries due to the location of Hong Kong and the ease of inter-regional travel, and as much as 47% of all outbound departures will be to Macau by 2020 (Business Monitor International, 2016).

5.2 Hong Kong Tourist Arrivals into South Africa & Western Cape

The graph below depicts total tourist arrivals from China including Hong Kong into South Africa and Western Cape between 2013 and 2015. The number of China including Hong Kong arrivals into South Africa grew by 2.2% in 2015 from 83,024 arrivals in 2014 to 84,878 in 2015, while arrivals into the Western Cape decreased by 20% in 2015 from 48,365 arrivals in 2014 to 38,535 in 2015.



Source: SATourism, 2016

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